

Message Text

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43

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 COME-00 MMO-04 ABF-01 IO-13 /038 W
----- 062138

R 141034Z APR 76

FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC 9854

INFO AMEMBASSY STOCKHOLM

UNCLAS HELSINKI 0766

E.O. 11652: N/A

TAGS: BEXP, AFSP, FI

SUBJECT: CCP - 78 PRELIMINARY INPUT

REF: STATE 054879, 75 HELSINKI A-183

1. FOLLOWING ARE RECOMMENDED CAMPAIGN AND NON-CAMPAIGN ACTIVITIES FOR FY-78. FINAL DETERMINATION OF PRIORITIES, AS WELL AS THE TIMING, DEPENDS PARTLY ON STOCKHOLM TRADE CENTER SCHEDULE, AS WELL AS FBP SCHEDULE. POST BELIEVES SOME TYPE OF PRODUCT DISPLAY (CATALOG, TRADE FAIR) IN HELSINKI IS ESSENTIAL TO SUCCESS OF EACH OF THESE CAMPAIGNS, AND ACCORDINGLY IS NOT LISTING COMMERCIAL PRESENCE AS SEPARATE ACTIVITY.
 2. CAMPAIGN ACTIVITIES: COMPUTERS, ENERGY SYSTEMS, ELECTRONIC PRODUCTION EQUIPMENT, METALWORKING AND FINISHING EQUIPMENT.
 3. NON-CAMPAIGN ACTIVITIES: SUPPORT FOR STOCKHOLM TRADE CENTER, PAPER AND PULP INDUSTRY, BUSINESS TRAVEL.
 4. CAMPAIGN 1, PRIORITY 1: COMPUTERS AND PERIPHERALS (TO INCLUDE INDUSTRIAL PROCESS CONTROL APPLICATIONS). FINNISH IMPORTS IN THIS AREA ROSE BY OVER 75 PERCENT BETWEEN 1973 AND 1975, TO OVER \$80 MILLION, AND DEMAND HAS BEEN STEADILY EXPANDING. THE BANK OF FINLAND'S EXHORTATION AGAINST DATA PROCESSING INVESTMENTS IN THE NEAR TERM, AND THE TIGHT MONEY POLICY ARE CURRENTLY BOTTLING UP
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DEMAND, SO THE FY-78 TIME PERIOD COULD BE EXCELLENT

FOR A PROMOTION EFFORT. THIS TIMING FITS THE TARGET INDUSTRY TIME FRAME.

5. CAMPAIGN 2, PRIORITY 2: ENERGY SYSTEMS. THIS CAMPAIGN WILL CONCLUDE THE FY-77 CAMPAIGN, WHICH WILL PROBABLY BE DELAYED BY THE RESCHEDULING IN THE STC SCHEDULE OF THE ENERGY SYSTEMS SHOW. AFTER THE FIRST QUARTER OR HALF OF FY-78, THIS CAMPAIGN WILL BE FIFTH PRIORITY. THIS TIMING PARALLELS THE TARGET INDUSTRY SCHEDULE. WHILE DRAMATIC GROWTH IN TOTAL REAL EXPENDITURES IN THIS ARE IS NOT EXPECTED, A SIGNIFICANT EXPANSION OF THE INDUSTRIAL AND GOVERNMENT NON-UTILITY SECTORS VIS-A-VIS PUBLIC UTILITIES WILL PROVIDE OPPORTUNITIES TO PENETRATE THE MARKET. TRANSMISSION EQUIPMENT, AS WELL AS CIRCUIT RELAYS AND CONTROLS ARE EXPECTED TO BE IN DEMAND BY ALL SECTORS, AND GENERATION EQUIPMENT BY THE EXPANDING SECTORS. BECAUSE OF THE FINNISH TIGHT MONEY POLICY, INVESTORS ARE HOLDING BACK ON PROJECTS SCHEDULED IN FY 75 AND 76, SO THE SECOND HALF OF FY-77 AND FIRST HALF OF FY-78 SHOULD BE A PROFITABLE PERIOD FOR PROMOTIONS.

6. CAMPAIGN 3, PRIORITY 3: ELECTRONIC PRODUCTION EQUIPMENT AND MATERIALS. IMPORTS OF ELECTRONIC PRODUCTION EQUIPMENT EXPANDED BY 98 PERCENT FROM 1973 TO 1975: IMPORTS OF COMPONENTS EXPANDED RAPIDLY EARLY IN THE DECADE BUT DECLINED FROM 1974-75. THE DECISION BY THE FINNISH GOVERNMENT TO ESTABLISH A TV TUBE FACTORY, TO BE SUBSEQUENTLY LINKED WITH OTHER COMPONENT PRODUCTION PROMISES AN INTERESTING MARKET FOR PRODUCTION EQUIPMENT. AS A NEW CAMPAIGN, THIS WOULD BECOME SECOND PRIORITY IN THE SECOND HALF OF FY-78, WHICH MATCHES THE TARGET INDUSTRY SCHEDULE PRECISELY.

7. PRIORITY 4, NON-CAMPAIGN: SUPPORT FOR STOCKHOLM TRADE CENTER. SUPPORT ACTIVITIES FOR CAMPAIGN-RELATED SHOWS CAN BE INCLUDED UNDER EACH CAMPAIGN. HOWEVER, THE STC SCHEDULE ALSO SERVES THOSE TARGET INDUSTRIES IN FINLAND WHICH ARE NOT SUITED TO FULL CAMPAIGNS, AND PROMOTIONAL EFFORTS YIELD GOOD RETURNS. STC IS THE PRIMARY US PRODUCT EXHIBITION CENTER FOR THE FINNISH

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MARKET AND THIS IS ENTITLED TO PRIORITY CONSIDERATION. EXPANSION OF THE IMPACT IN FINLAND, SUCH AS THROUGH AN OFF-SITE EXHIBITION, WOULD BE DESIRABLE.

8. CAMPAIGN 4, PRIORITY 5: METALWORKING AND FINISHING EQUIPMENT. THIS CAMPAIGN WOULD BECOME THIRD PRIORITY IN THE SECOND HALF OF FY-78. IMPORTS OF METALWORKING EQUIPMENT HAVE DOUBLED IN TWO YEARS TO OVER \$150 MILLION,

AND THE "METAL INDUSTRY," WHICH INCLUDES SHIPBUILDING, MINING, MACHINERY, AND ENGINEERING, IS GRADUALLY REPLACING WOOD-PROCESSING AS THE FOUNDATION OF THE FINNISH ECONOMY FOR BOTH EXPORTS AND EMPLOYMENT. THE INDUSTRY IS SEEKING NEW MARKETS, AND NEW PRODUCTS FOR MANUFACTURE, AND, AS AN IMPORTER OF RAW MATERIALS AND ENERGY, IS VERY SENSITIVE TO COMPETITIVE CONDITIONS. THEREFORE, SPECIALIZED MACHINERY, AS WELL AS LABOR-SAVING EQUIPMENT WILL BE IN DEMAND. IN VIEW OF THE POTENTIAL IN THIS INDUSTRY FOR GROWTH INTO NEW AREAS OF ACTIVITY, A PRIMARY GOAL OF THIS CAMPAIGN WILL BE TO EXPAND THE CONTACTS AND INSTITUTIONAL RELATIONSHIPS AMONG US AND FINNISH COMPANIES.

9. PRIORITY 6, NON-CAMPAIGN: PAPER AND PULP INDUSTRY. ALTHOUGH THIS INDUSTRY IS DECLINING IN RELATIVE IMPORTANCE, AND WILL BE SUFFERING FINANCIAL PROBLEMS EVEN IN FY-78, NO CCP CAN IGNORE IT. MAINTENANCE OF ROUTINE CONTACTS WITHIN THE INDUSTRY AND PREPARATION OF AN ANNUAL CERP ANALYSIS ARE MINIMUM LEVELS OF ACTIVITY. IN ADDITION VARIOUS STC EXHIBITIONS ARE OF INTEREST TO THE INDUSTRY.

10. PRIORITY 7, NON-CAMPAIGN: BUSINESS TRAVEL. A WORKING RELATIONSHIP WITH A LOCAL TRAVEL AGENCY HAS BEEN DEVELOPED FOR FBP AND OTHER BUSINESS TRAVEL PROMOTION (ALSO TOURISM). SINCE BUSINESS CONDITIONS SHOULD BE BETTER IN FY-78, AND IN VIEW OF THE RATHER LOW PRESENCE OF US PRODUCTS IN FINLAND, INCREASED INTEREST IN TRAVEL CAN BE EXPECTED. THE MAJOR COST TO THE POST IS TIME, IN THE FORM OF VISITS OR CALLS, WHICH ARE DESIRABLE, BUT SINCE MANY OF THE VISITORS ARE TO NON-FBP EXHIBITIONS, OR ARE ACTUAL BUYING TRIPS, SOME EXTRAORDINARY INFORMATION REQUIREMENTS ARE IMPOSED ON USDOC. THEREFORE WE WISH THIS TO BE CLASSIFIED AS A PRIORITY ACTIVITY.

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11. PERSONNEL AND FINANCES. CURRENT STAFFING CONSIDERED ADEQUATE AND NO NEW POSITIONS NECESSARY. HOWEVER, EXCEPT IN CASE OF GENERAL REDUCTION IN POST'S MANPOWER, REDUCTION IN STAFF UNDESIRABLE, AND, IF NECESSARY, REPLACEMENT SHOULD BE AT EQUAL OR HIGHER LEVEL OF CAPABILITY. PERSONNEL REQUIREMENTS FOR CAMPAIGNS WILL BE 60 PERSON-DAYS (FSO), 90 PERSON-DAYS (FSL-PROFESSIONAL), AND 110 PERSON-DAYS (FSL-CLERICAL). FOR PRIORITY, NON-CAMPAIGN ACTIVITIES, 40 PERSON-DAYS (FSO), 25 PERSON-DAYS (FSL-P), 55 PERSON-DAYS (FSL-C). FOR NON-CCP ACTIVITIES, 190 PERSON-DAYS (FSO), 515 PERSON-DAYS (FSL-P INCLUDES AGRICULTURE), AND 295 PERSON-DAYS (FSL-C).

12. BUDGET. MAJOR EXPENDITURES ARE TRAVEL, REPRESENTATION,

PRINTING AND MAILING (FOR FOUR ISSUES OF NEWSLETTER, PLUS
VARIOUS PROMOTIONAL MATERIALS AND CORRESPONDENCE). ALL
ARE INCLUDED IN OVER-ALL EMBASSY BUDGET SUBMISSIONS.
CAMPAIGN COSTS: PRINTING AND MAILING, \$250; TRAVEL \$500;
REPRESENTATION \$1000. PRIORITY ACTIVITIES, PRINTING
AND MAILING \$500; TRAVEL \$1200; REPRESENTATION \$500.
NON-CCP ACTIVITIES: PRINTING AND MAILING \$1700 (CHIEFLY
NEWSLETTER); REPRESENTATION \$100; TRAVEL \$250.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 14 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976HELSIN00766
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760141-0607
From: HELSINKI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760463/aaaacub.tel
Line Count: 178
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 STATE 54879, 76 HELSINKI A-183
Review Action: RELEASED, APPROVED
Review Authority: oatisao
Review Comment: n/a
Review Content Flags:
Review Date: 26 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 MAY 2004 by SilvaL0>; APPROVED <01 SEP 2004 by oatisao>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CCP - 78 PRELIMINARY INPUT
TAGS: BEXP, AFSP, FI
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006